



Barra Resources Limited

Activity Report for the Quarter Ended 31 December 2016

18 January 2017

OVERVIEW

Corporate Details:

ASX Code: BAR

Market Cap: \$22.3M (Dec 31)

Cash: \$2.1M (Dec 31)

Issued Capital:

420.75 m ordinary shares

Substantial Shareholders:

FMR Investments P/L 19.5%

Directors:

Executive Chairman & CEO:

Gary Berrell

Non-Executive Directors:

Grant Mooney

Jon Young

Company Secretary:

Grant Mooney

Contact Details:

Barra Resources Ltd
Ground Floor
6 Thelma Street
West Perth, WA 6005
PO Box 1546
West Perth, WA 6872

Phone: (+61 8) 9481 3911

Facsimile: (+61 8) 9481 3283

Email:

barraadmin@barraresources.com.au

Website:

www.barraresources.com.au

Shareholder Enquiries:

Security Transfer Australia
770 Canning Highway
Applecross WA 6153

Phone: (+61 3) 9628 2200

Facsimile: (+61 8) 9315 2233

Email:

registrar@securitytransfer.com.au

Website:

www.securitytransfer.com.au

MT THIRSTY COBALT PROJECT

- ❖ Reverse Circulation (RC) drilling for Scoping Study metallurgical testwork completed.
- ❖ Excellent results returned confirming previous grades and continuity of resource.
- ❖ 1.5 tonnes of RC drill sample delivered to ALS Metallurgy in Perth.
- ❖ Scoping Study progressing towards completion June Quarter.

BURBANKS GOLD PROJECT

- ❖ RC drilling at Main Lode Gold Mine to commence January 2017 following government approval in December.
- ❖ 3,500m of RC drilling to test top 100m of Main Lode Gold Mine.
- ❖ Deep diamond hole to test high grade zone below historic 7 level.
- ❖ Positive Scoping Study for Burbanks North Deposit. Mining proposal seeking approval to mine shallow pit commences.
- ❖ Kidman (ASX:KDR) signs binding heads of agreement with ASX:REZ for the sale of the Burbanks Gold Mine which adjoins Barra's tenement area.

BITTER BORE COBALT PROJECT, WESTERN AUSTRALIA

- ❖ Option secured over Bitter Bore Cobalt Project in Siberia region, 70km northwest of Kalgoorlie.
- ❖ Intersections of 12 metres grading 0.28% cobalt and 10 metres grading 0.21% cobalt previously intersected within project area.
- ❖ Assessment of previous drilling data in progress. Site reconnaissance completed during quarter.

CORPORATE

- ❖ \$1.9 million share placement and Share Purchase Plan completed heavily oversubscribed with funding in place to complete cobalt scoping study and Burbanks Drilling.

PROJECTS

MT THIRSTY COBALT PROJECT

(50% Barra; 50% Conico Ltd – Joint Venture) www.mtthirstycobalt.com

Activities

RC Drilling

A six-hole (6) reverse circulation (RC) drilling program totalling 234m was completed during the quarter. The holes were drilled within the area of the JORC (2004) Indicated Mineral Resource (Figure 1) to provide a range of samples for further metallurgical testwork. All holes were drilled vertically and sampled in 1m intervals using a rotary splitter. Significant results are summarised in Table 1 below. All of the available sample material (1.5 tonnes in total) from the intersections below were sent to Perth for use in the planned testwork. The significant cobalt intersections comprised soft clay-rich material derived from strongly weathered ultramafic rocks.

Further details regarding the drilling and sampling are set out in Appendix 1.

Table 1: Metallurgical RC Drilling - Summary of Cobalt Intersections

Hole No.	Easting	Northing	RL	Depth	From	To	Interval	Co*	Ni	Mn
	AGD84 Zone 51		m	m	m	m	M	%	%	%
MTRC036	372162	6447455	380	54	18	42	24	0.16	0.80	1.58
MTRC037	372244	6447455	378	30	13	30	17	0.16	0.77	1.04
MTRC038	372349	6447457	371	35	14	28	14	0.18	0.96	1.60
MTRC039	371956	6447000	385	40	14	34	20	0.32	0.42	2.26
MTRC040	372115	6447001	396	40	30	36	6	0.29	0.40	1.90
MTRC041	372295	6446999	383	35	23	32	9	0.12	0.71	0.89

*A cut-off grade of 0.06% Co was used for the above intersections. Intersections are close to true width.

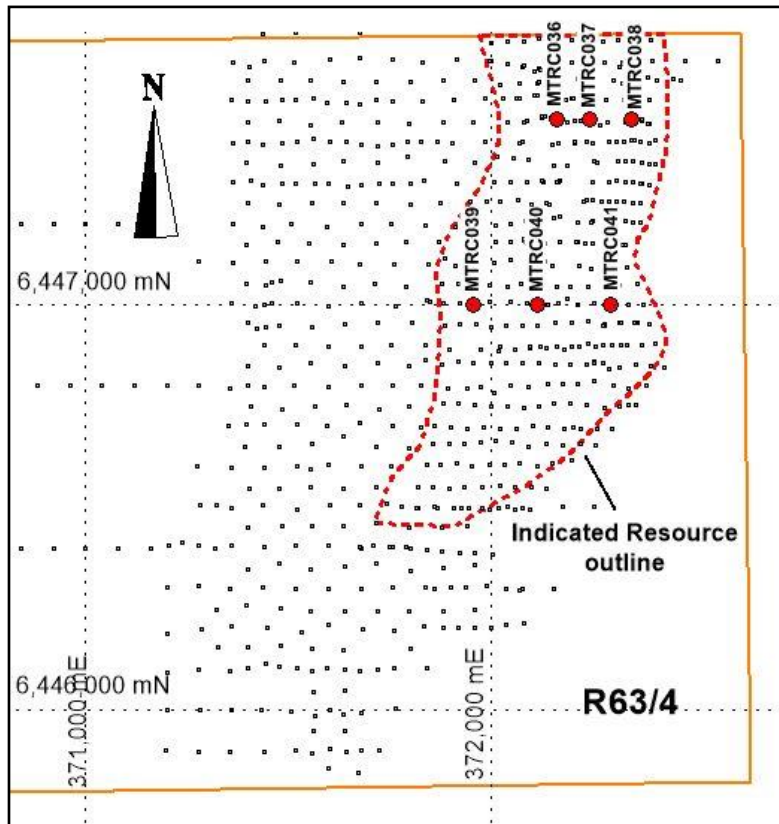


Figure 1: Mt Thirsty Cobalt Oxide Deposit showing location of recent RC drill holes and JORC (2004) Indicated Mineral Resource outline (red dashed line). Black dots are all previous drill holes (AGD84 Zone 51).

Metallurgical Testwork and Scoping Study

The 1.5 tonnes of RC drill sample was sent to ALS Metallurgy in Perth and testwork is currently in progress.

This current phase of metallurgical testwork will expand on and increase the level of confidence in previous testwork undertaken which has shown that agitated leaching using sulphur dioxide (SO₂) at atmospheric pressure and low temperature (<40°C) recovers up to 80% of the cobalt and over 20% of the nickel within a few hours of leaching. The results of the metallurgical testwork will be fed directly into a Scoping Study over the Mt Thirsty Cobalt Oxide Deposit.

The Scoping Study, to be overseen by a team of highly regarded industry figures headed by former Western Mining Corporation's manager of Metallurgy, Mr. Bob Bourne, will focus on the agitated leaching process to determine the capital and operating expenditure forecasts ahead of a potential pre-feasibility study in 2017. At completion of the Scoping Study, the Mt Thirsty Joint venture (MTJV) will be able to better determine the funding requirements and development options which may be available to bring the project to fruition.

Background of Mt Thirsty Project and Cobalt Market

The Mt Thirsty Cobalt Project is located 20km north-northwest of Norseman, Western Australia. Conico Ltd (ASX:CNJ) is the Joint Venture manager.

The Project contains the Mt Thirsty Cobalt Deposit which has the potential to emerge as a significant cobalt supplier. Further information can be found at www.mtthirstycobalt.com. The deposit contains a global resource of 31.94Mt grading 0.123% Co, 0.55% Ni and 0.86% Mn categorized as Indicated Mineral Resource of 16.6Mt @ 0.14% Co, 0.60% Ni and 0.98% Mn and an Inferred Mineral Resource of 15.3Mt @ 0.11% Co, 0.51% Ni and 0.73% Mn; *(The Mt Thirsty Co-Ni Oxide Deposit mineral resource was prepared and first reported in accordance with the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported; refer to ASX announcement 8th March 2011: "Resource Upgrade Mt Thirsty Cobalt-Nickel Oxide Deposit"¹, available to view at www.barraresources.com.au).*

In terms of cobalt projects, Mt Thirsty has some relatively unique characteristics which set it apart from other similar projects. By way of example, Mt Thirsty ore presents differently to other oxidized cobalt nickel deposits in that the cobalt is attached to manganese and the material is very soft, very fine grained, and low in silica, allowing easier and lower cost extraction and processing methods to be used. This should provide the Mt Thirsty Joint Venture with a significant cost saving when processing options are considered and is expected to have a material impact on the results of the current Scoping Study.

As well as the Cobalt Deposit, the Project also hosts primary nickel sulphide (Ni-S) mineralisation with intersections of Ni-S mineralisation up to 6m down-hole @ 3.5% Ni made by the Joint Venture in 2010 (refer to ASX announcement 19th May 2010: "High Grade Nickel Sulphides Intersected at Mt Thirsty JV"¹, available to view at www.barraresources.com.au).

Barra has excellent exposure to the cobalt market through the 50% interest in the Mt Thirsty Cobalt Project.

Demand for cobalt looks very bright as the world becomes more dependent on rechargeable power sources (Figure 1). Innovations with portable electronics and electric vehicle design are adding to this surging demand. However, the battery industry is also competing with demand for cobalt from producers of superalloys, aircraft turbines and chemical industries.

Demand is likely to escalate exponentially with battery production; however, supply is uncertain due to:

- Over 60% of global supply coming from the politically unstable African countries such the Democratic Republic of Congo, Central African Republic and Zambia.
- Cobalt is largely a by-product of copper and nickel mining and there are an increasing number of mine closures and project deferments due to low commodity prices.

With potential supply constraints and surging demand many commentators see pricing pressure as a likely eventuality.

¹ The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

The undeveloped Mt Thirsty Cobalt Project has a significant JORC 2004 reported resource with a potential to have a long mine life. It is close to all necessary infrastructure (rail, road, power, water, and sea port) and, being in a mining orientated state, has the potential to attract a variety of interested parties including end users of cobalt. The Joint Venture partners are working collaboratively to exploit this joint opportunity.

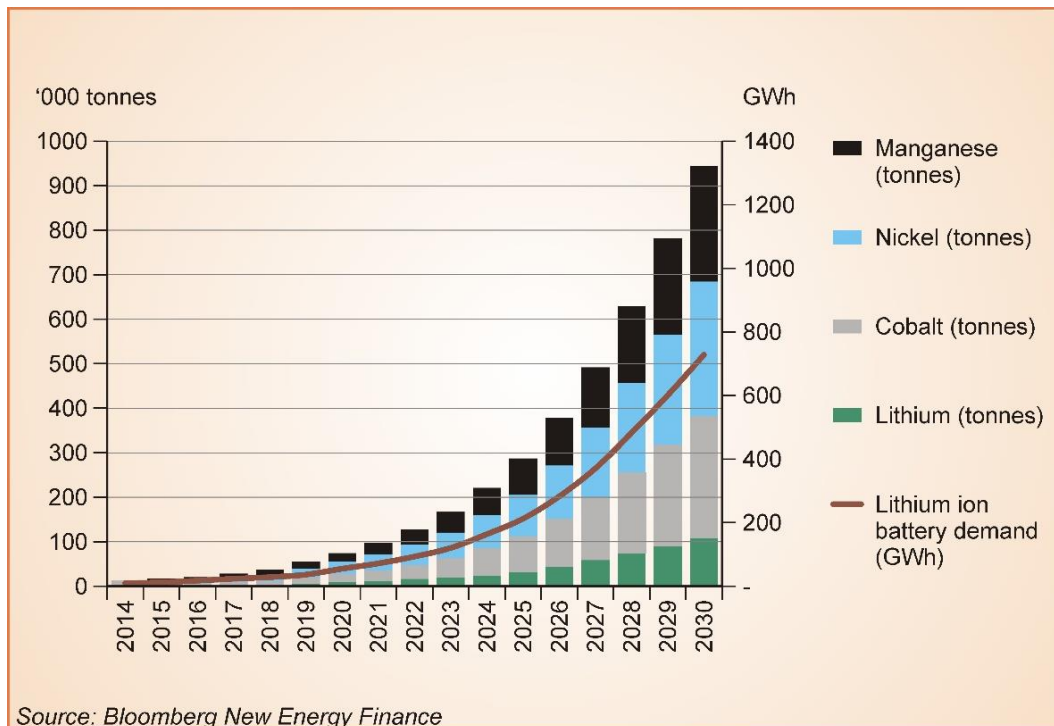


Figure 1: Global lithium-ion battery and materials demand forecast from EV sales, 2015-2030.

BURBANKS GOLD PROJECT (WA)

(Includes \$25 per ounce Royalty on gold production from within the Birthday Gift Mine Area and 100% Rights to Reservation Area within M15/161, Figure 2)

Activities

Birthday Gift Mine Area (BGMA) (Royalty Only)

During the period, owner and operator of the BGMA, Kidman Resources Limited (ASX: KDR) (Kidman), announced it had signed a binding heads of agreement to sell the Burbanks Gold Mine (i.e. BGMA) to Resources & Energy Group Limited (ASX: REZ) (see KDR ASX Release dated 22 November 2016).

The announcement of the sale of the Burbanks Gold Mine affects the Birthday Gift Mining Area (BGMA) only. Barra's rights to the Burbanks mining lease including its royalty over the BGMA and its Reservation Rights will not be affected by KDR's pending sale.

Period	Gold Produced (oz)*
Commencement to 31/12/13	886
2014	7246
2015	4968
Q1 2016	775
Q2 2016	0
Q3 2016	447
Q4 2016	0
Total*	14,322

Table 1: Kidman gold production from Birthday Gift Mine Area. * Rounded to nearest ounce.

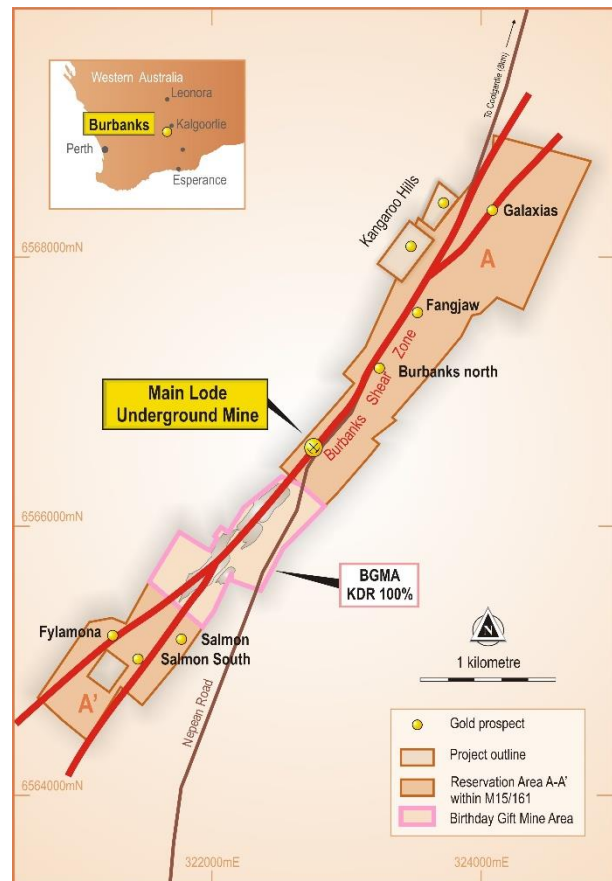


Figure 2: Plan showing Reservation Area (A-A') and BGMA within M15/161.

Reservation Area (100% Exploration and Mining Rights – Figure 2)

Burbanks North

A mineral resource estimate and scoping study was completed for the Burbanks North deposit. Due to non-JORC 2012 compliant nature of the mineral resource estimate the mineral resource cannot be reported.

The scoping study included open-pit optimisation and pit design work completed by Minecomp Pty Ltd. The result of this work was positive and indicated (using a gold price of A\$1,600/oz) a small yet profitable open-pit to 25m could produce up to 2,000oz depending on the pit-design option chosen. Option 1 would see an initial pit targeting the deposits higher-grade western mineralised lode (see ASX Release; “Excellent drill results move Burbanks North closer to production”, dated 25th August 2016, available to view at www.barraresources.com.au) to produce an estimated 1,350 ounces of gold whilst a second option would see a larger pit, also to 25m depth, targeting both the western and eastern mineralised lodes to produce an estimated 2,000 ounces of gold.

Based on the positive results of the scoping study, Barra and its mining partner FMR Investments Pty Ltd (FMR) have agreed to advance the Burbanks North deposit by completing a mining proposal seeking regulatory approval to mine. A decision to mine remains pending however subject to the prevailing gold price.

Main Lode Gold Mine

The Company received regulatory approval for its reverse circulation (RC) and diamond drilling program at the historic Main Lode Gold Mine (see ASX Release; “Drilling Planned Targeting Historic High Grade Zone at Main Lode Gold Mine”, dated 25th October 2016, available to view at www.barraresources.com.au).

With site works now completed the program is scheduled to commence late January 2017.

Approximately 3,500m of RC drilling will initially test 300m of strike directly along the Main Lode line of workings, to a vertical depth of 100 metres below the surface, and following up on previous high-grade intersections drilled by Barra in 2008. Diamond drilling will test below Level 8 from 280 to 380 metres below the surface following the interpretation of RC results (Figure 3). This hole remains a high-risk high-reward hole and has the potential to open up a new zone of high grade mineralization at Main Lode.

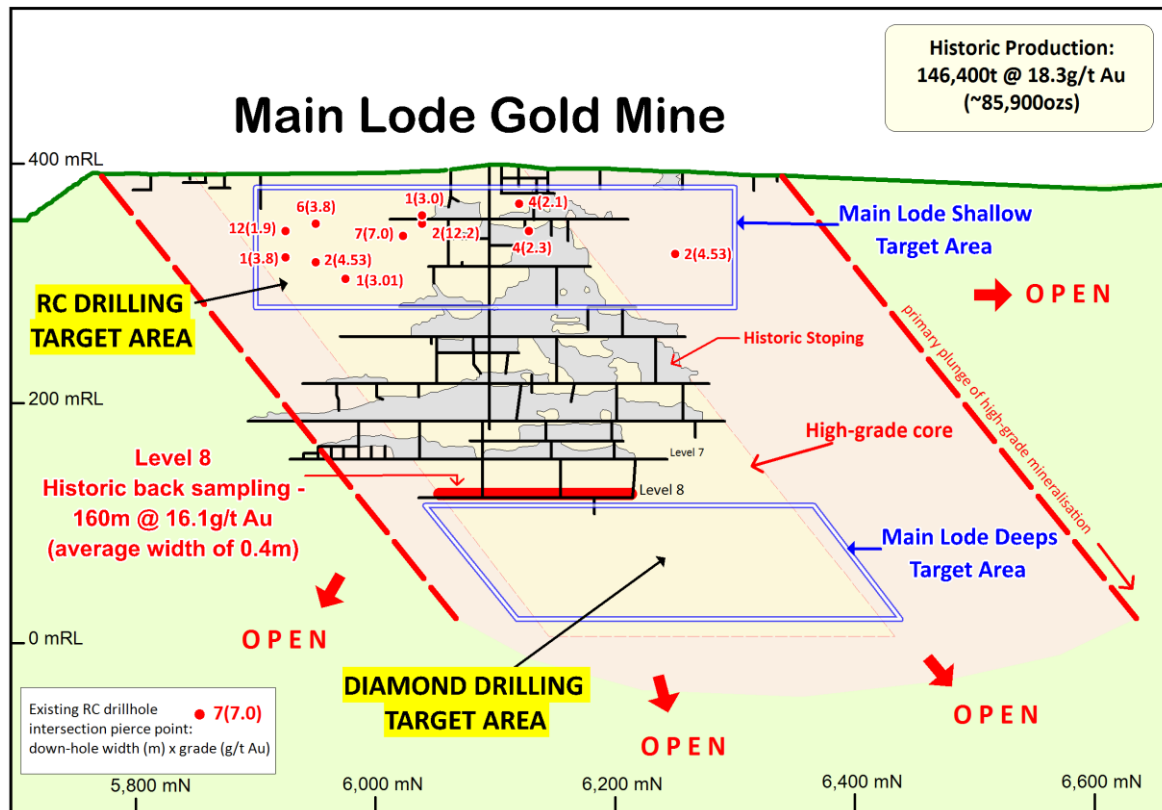


Figure 3: Burbanks Main Lode Gold Mine schematic long section showing historic mining areas, plunge of high-grade gold mineralisation and target areas for drilling.

* Intersections shown in diagram are from historic RC drilling, and RC drilling by Barra completed in 2008 and previously reported in the following ASX Release which can be viewed at www.barraresources.com.au; 28/08/2008 Burbanks Mainlode RC Update. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcements and that all material assumptions and parameters used in the relevant market announcements continue to apply and have not materially changed.

Background of Burbanks Project

The Burbanks Project is centred 9km southeast of Coolgardie, Western Australia.

The Company holds sole and exclusive exploration and mining rights (Reservation Rights) to certain areas within M15/161 (Figure 2). The Reservation Rights include the historic Main Lode Gold Mine, which has produced 146,000t @ 18.3g/t Au for approximately 85,900ozs of gold between 1885 and 1914, as well as several important prospects including Burbanks North, Pipeline, Fangjaw and Salmon South. The Company also holds (100%) the Kangaroo Hills prospecting licences adjacent to M15/161.

The mining lease, M15/161, is owned by Kidman Resources Limited (ASX:KDR) who operate the Birthday Gift Underground Mine within the Birthday Gift Mining Area (BGMA). In addition to the Reservation Rights, the Company also has a royalty on all gold produced from within the BGMA.

PHILLIPS FIND GOLD PROJECT (WA)

(100% Barra*)

*except for Carbine South tenements which are held 85% Barra

Activities

Phillips Find Mining Centre (PFMC)

The Company continues to review the results, conclusions and recommendations from a mapping program completed by consultant Model Earth Pty Ltd.

Background of Phillips Find Project

The Phillips Find Project is centred 50km north-northwest of Coolgardie, Western Australia.

The project covers over 10 kilometres in strike of prospective greenstone stratigraphy and includes the Phillips Find Mining Centre (PFMC) where 32,839 ounces of gold has been produced between 1998 and December 2015 from three open-pit operations; Bacchus Gift, Newhaven and Newminster. Exploration potential within the project is excellent with numerous targets defined by auger geochemical anomalism, aeromagnetic interpretation and drilling.

The most recent mining activity at the PFMC was the Newminster open-pit which was mined in two stages between January 2013 and September 2015. A total of 111,082t @ 2.52g/t Au was mined producing 9,018oz of gold. With open-pit mining now complete at Newminster, the Company is now focussed on advancing the underground potential of the PFMC with the aim developing a viable medium to long-term underground mining operation.

BITTER BORE COBALT PROJECT (WA)

(Option to acquire 100%)

Activities

During the period the Company secured an option to acquire the Bitter Bore Cobalt Project (ASX Release dated 14 November 2016) located in the Eastern Goldfields of Western Australia. The Project comprises a contiguous package of tenements 70km northwest of Kalgoorlie, W.A. The tenements have the potential to host significant deposits of cobalt.

The Project covers a portion of the Siberia komatiite ultramafic unit along the western limb of the Goongarrie – Mt Pleasant anticline in the Ora Banda domain of the Kalgoorlie terrain and located along strike to the northwest of the well-known Cawse nickel-cobalt operation. Historically, this area was targeted and mined primarily for nickel with cobalt as a by-product.

Widespread cobalt mineralisation has been defined within the Bitter Bore Cobalt Project, including high grade cobalt intersections of 12m @ 0.282% from 12 metres below surface, 10m @ 0.214% Co from 18 metres below surface, 2m @ 0.191 % Co from 20 metres below surface and 2m @ 0.149 % Co from 10 metres below surface (*Source: Centaur Mining and Exploration Annual Report 2000*).

The Company will be specifically investigating the cobalt-manganese relationship throughout the project area. The cobalt-manganese relationship is important as it is the same relationship that exists at the Company's 50% owned Mt Thirsty Cobalt Project.

Barra paid Zetek Resources Pty Ltd and Western Resources Pty Ltd the sum of \$10,000 for a 6-month option to investigate the tenements for its potential to host economically extractable cobalt mineralisation. Barra can exercise the option any time within the next 6 months to acquire a 100% interest in the tenements for \$150,000 cash plus a 1% Net Smelter Royalty on all minerals mined from the tenements.

Site reconnaissance was conducted during December to assess if any remnant drill chip spoils remained within previously drilled areas. Previously drilled areas had been extensively rehabilitated; however, limited remnant drill spoils were located and collected for assaying. These spoils have been submitted for analysis with results pending.

TENEMENTS

The following tenement changes occurred during the quarter (see Appendix 1 for Tenement Listing at end of report):

- Prospecting licence P24/5176 and E24/207 were applied for at Bitter Bore.
- The Company assumed management of tenements P24/4532, P24/4571, P24/4984, P24/4993 and P24/4994 pursuant to the Bitter Bore Option Agreement.

CORPORATE

Recent Announcements

Date	Announcement
22/12/2016	Chairman's Update
18/11/2016	Results of AGM
14/11/2016	Barra Secures Option to Bitter Bore Cobalt Project
30/10/2016	Cashflow Report for the Quarter ended 30 September 2016
30/10/2016	Activities Report for the Quarter ended 30 September 2016
30/10/2016	Share Purchase Plan Closes Heavily Oversubscribed
25/10/2016	Drill Testing Main Lode High Grade Zone Planned
19/10/2016	Chairman's Update
17/10/2016	Annual Report to shareholders
17/10/2016	Notice of Annual General Meeting
17/10/2016	Underwriting of Share Purchase Plan
10/10/2016	Share Purchase Plan
10/10/2016	\$1.5M SPP & Placement Funds Cobalt and Gold Work
04/10/2016	Drilling/Scoping Study to Commence at Mt Thirsty Cobalt JV

Note: All announcements are available on the Company's website.



GARY BERRELL
Executive Chairman



Project Location Map

APPENDIX

TENEMENT LISTING

Tenement	Project	Location	Change in Interest (%) during Quarter			Comments
			End of Quarter	Acquired	Disposed	
M15/161	Burbanks	WA	0	Subject to Reservation Rights and Royalty only (Figure 2)		
P15/5249		WA	100			
P15/5412		WA	100			
E63/1267	Mt Thirsty	WA	50			
E63/1790		WA	50			Application
P16/2045		WA	50			Application
R63/4		WA	50			
P24/4532	Bitter Bore	WA	0			Option to acquire 100%
P24/4571		WA	0			Option to acquire 100%
P24/4984		WA	0			Option to acquire 100%
P24/4993		WA	0			Option to acquire 100%
P24/4994		WA	0			Option to acquire 100%
P24/5176		WA	100	100		Application
E24/207		WA	100	100		Application
M16/130	Phillips Find	WA	100			
M16/133		WA	100			
M16/168		WA	100			
M16/171		WA	100			
M16/242		WA	100			
M16/258		WA	100			
P16/2399		WA	100			
P16/2400		WA	100			
P16/2401		WA	100			
P16/2403		WA	100			
P16/2404		WA	100			
P16/2405		WA	100			
P16/2406		WA	100			
P16/2407		WA	100			
P16/2408		WA	100			
P16/2578		WA	100			
P16/2702		WA	100			
P16/2785		WA	100			
P16/2786		WA	100			
P16/2422		WA	85			15% - Hayes Mining Pty Ltd
P16/2423		WA	85			
P16/2424		WA	85			
P16/2425		WA	85			
P16/2989		WA	100			Application
P16/2990		WA	100			Application
P16/2991		WA	100			Application
P16/2992		WA	100			Application
P16/2993		WA	100			Application
P16/2994		WA	100			Application
P16/2995		WA	100			Application
M16/550		WA	100			Application (over P16/2407)
M16/551		WA	100			Application (over P16/2401)
M16/552		WA	85			Application (over P16/2422-2425)
E30/333		Riverina Nickel JV	WA	0	30% Interest in Nickel Rights Only	
M30/43	WA		0			
M30/60	WA		0			
M30/84	WA		0			
M30/97	WA		0			
M30/98	WA		0			
M30/127	WA		0			
M30/133	WA		0			
M30/182	WA		0			
P30/1074	WA		0			
P30/1111	WA		0			
P30/1112	WA		0			
P30/1113	WA		0			
P30/1114	WA		0			
P30/1115	WA		0			
P30/1116	WA		0			
P30/1117	WA		0			
P30/1118	WA		0			
P30/1119	WA		0			
P30/1120	WA		0			

Appendix 1: Mt Thirsty Cobalt Oxide Deposit – RC Drilling for metallurgical testwork

Section 1: Sampling Techniques and Data		
Criteria	JORC Code explanation	Commentary
Sampling techniques.	<p><i>Nature and quality of sampling (eg. cut channels, random chips or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where “industry standard” work has been done this would be relatively simple (eg “reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised to produce a 30g charge for fire assay”). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></p>	<p>The samples have been obtained by drilling 6 vertical reverse circulation (RC) holes to a maximum depth of 54m within R63/4.</p> <p>Holes were drilled at regular spacings along 2 lines within the JORC (2004) Indicated Resource area. Holes were sampled at even regular 1m intervals.</p> <p>RC drilling was used to obtain 1m samples from which a 2kg split was bagged and sent to the laboratory. The sample was then dried and pulverised and a 40gm sub sample analysed for Co, Ni, Mn, Al & Fe using a four acid digest with an ICP MS finish for Co and ICP OES for the other elements.</p>
Drilling techniques.	<p><i>Drill type (eg. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka etc.) and details (eg. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i></p>	<p>RC hammer drilling (146mm hole diameter) was used throughout as it was found that this coped better with the soft puggy clays without the necessity for water injection.</p>
Drill sample recovery.	<p><i>Whether core and chip sample recoveries have been properly recorded and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p> <p><i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></p>	<p>Sample recovery was generally excellent in dry powdery clay which hosts most of the mineralisation. A few intervals with obvious poorer sample recovery were recorded in the logs. These were mostly outside the mineralised zone. Sample bags have been weighed by the metallurgy laboratory to quantify sample recovery.</p> <p>Drill hole cuttings were collected in a cyclone, and subsequently reduced in volume with a rotary splitter attached to the cyclone. The cyclone and splitter were cleaned thoroughly between each 6 metre rod.</p> <p>Most of the material drilled is strongly oxidised, soft and relatively fine grained. No significant sample bias is expected to have occurred due to preferential loss of fine/coarse material.</p>

Logging.	<p><i>Whether core and chip samples have been logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <p><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.</i></p> <p><i>The total length and percentage of the relevant intersections logged.</i></p>	<p>Logging is conducted in detail at the drill site by the site geologist, who routinely records weathering, lithology, alteration, mineralisation, or any other relevant features. It is considered to be logged at a level of detail to support appropriate Mineral Resource estimation and mining studies.</p> <p>Logging is qualitative in nature.</p> <p>The entire length of each hole was logged in 1m intervals.</p>
Sub-sampling techniques and sample preparation.	<p><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></p> <p><i>If non-core, whether riffled, tube sampled, rotary split etc. and whether sampled wet or dry.</i></p> <p><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></p> <p><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></p> <p><i>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicates/second half sampling.</i></p> <p><i>Whether sample sizes are appropriate to the grainsize of the material being sampled.</i></p>	<p>n/a.</p> <p>All drill chips were split with a rotary splitter and the remaining sample collected in large plastic bags and placed in rows on the ground. Duplicate samples were obtained from the bag with a PVC tube. All samples were dry.</p> <p>Sample preparation followed industry standard practice of drying, coarse crushing to -6mm, before pulverising to 90% passing 75 micron.</p> <p>To meet QAQC requirements duplicates were placed at irregular intervals in the sample stream, one duplicate per drill hole. Certified blanks (OREAS 24P) were also placed in the sample stream at the rate of 1 in 100, at each hundredth sample. Additionally, two different certified standards were also used in the sample stream (OREAS 72A and OREAS 162) at the rate of 2 standards per 100 samples. These were placed at the 25th and 75th number of every hundred samples.</p> <p>Of the six duplicates collected (1 from each hole) three showed less than 5% variation, one 8%, one 14% and one high grade sample 33%. Duplicate samples were speared from the bag and possibly were less representative than the split samples. This could account for the signif. variation in the high-grade sample.</p> <p>Material being sampled is generally fine grained, and a 2-3kg sample from each metre is considered quite adequate.</p>
Quality of assay data and laboratory tests.	<p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p> <p><i>For geophysical tools, spectrometer, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation etc.</i></p> <p><i>Nature of quality control procedures adopted (eg. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie. lack of bias) and precision have been established.</i></p>	<p>Samples were crushed and pulverised, and analysed for Co, Ni, Mn, Al & Fe by Bureau Veritas using a four-acid digest with an ICP MS finish for Co and ICP OES for the others. These procedures are considered appropriate for the elements and style of mineralisation. Analysis is considered total.</p> <p>No tools used.</p> <p>The internal laboratory QAQC procedures included analysing their own suite of internal standards and blanks within every sample batch and also adding sample duplicates.</p>

Verification of sampling and assaying.	<p><i>The verification of significant intersections by either independent or alternative company personnel.</i></p> <p><i>The use of twinned holes.</i></p> <p><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></p> <p><i>Discuss any adjustment to assay data.</i></p>	<p>Significant intersections are determined by company personnel, and checked internally.</p> <p>5 of the RC holes are twins of previous air core holes and results will be compared in due course.</p> <p>Individual sample numbers are generated and matched on site with down hole depths. Sample numbers are then used to match assays when received from the laboratory. Verification of data is managed and checked by company personnel with extensive experience. All data is stored electronically, with industry standard systems and backups.</p> <p>Data is not subject to any adjustments.</p>
Location of data points.	<p><i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></p> <p><i>Specification of the grid system used.</i></p> <p><i>Quality and adequacy of topographic control.</i></p>	<p>Collar locations were determined by hand held GPS and are accurate to approximately +/- 5m); GPS derived RLs are not sufficiently accurate for use.</p> <p>The grid system used is AGD84; AMG Zone 51 to match a previously established grid. A DTM and 2.5m spaced topographic contours have been prepared from ortho-photomaps and hole RLs are measured from these. This topographic control is considered quite adequate for the current purposes.</p>
Data spacing and distribution.	<p><i>Data spacing for reporting of Exploration Results.</i></p> <p><i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></p> <p><i>Whether sample compositing has been applied.</i></p>	<p>The RC holes were drilled for obtaining metallurgical samples only</p> <p>not relevant</p> <p>All holes were sampled and assayed in 1m intervals and no compositing has been applied.</p>
Orientation of data in relation to geological structure.	<p><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></p> <p><i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></p>	<p>The mineralisation is mostly contained within a flat lying weathering blanket and vertical holes achieve unbiased sampling in most cases.</p> <p>n/a</p>
Sample security	<i>The measures taken to ensure sample security.</i>	Samples were delivered to a dedicated cartage contractor in Norseman by company employees.
Audits or reviews.	<i>The results of any audits or reviews of sampling techniques and data.</i>	No audits or reviews carried out for this met drilling exercise as it was considered not to be warranted.

Section 2: Reporting of Exploration Results (criteria listed in the preceding group apply also to this group)		
Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status.	<p><i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></p> <p><i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></p>	<p>The exploration results relate to the Mt Thirsty Project, located approximately 20km north west of Norseman, Western Australia. The tenements are owned 50% by Conico Ltd through its subsidiary Meteore Metals Pty Ltd and 50% by Barra Resources Ltd (The Mt Thirsty Joint Venture). The project includes retention licence, R63/4, and exploration licence 63/1267, The cobalt-nickel oxide resource referred to in this announcement is located on R63/4.</p> <p>A 1.75% NSR royalty is payable on any production from R63/4 to a third party relating to Meteore's interest. The tenements lie within the Ngadju native title claim (WC99/002), and agreements between the claimants and Conico are designed to protect Aboriginal heritage sites and facilitate access. There are no historical or wilderness sites or national parks or known environmental settings that affect the Mt Thirsty Project although the project area is located within the Great Western Woodlands.</p> <p>The MTJV has secure tenure over the project area and there are no known impediments to obtaining a licence to operate in the area.</p>
Exploration done by other parties.	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<p>The Mt Thirsty area was explored for nickel sulphide mineralisation in the late sixties and early seventies by Anaconda, Union Miniere, CRA, WMC/CNGC and others. Although no significant sulphide discoveries were made during that time, limonitic nickel/cobalt mineralisation was encountered but not followed up. In the 1990's Resolute-Samantha discovered high grade cobalt mineralisation in the oxidised profile above an orthocumulate peridotite. This oxide mineralisation is the subject of this announcement.</p>
Geology.	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>The Mt Thirsty Co-Ni-Mn oxide mineralisation has developed as a result of weathering of ultramafic (peridotite) rocks located at the southern end of the Archaean Norseman - Wiluna greenstone belt. Most of the Co and some of the Ni mineralisation is associated with manganese oxides which have formed in the weathering profile.</p>
Drill hole information.	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <p><i>Easting and northing of the drill hole collar</i></p> <p><i>Elevation or RL (Reduced Level-elevation above sea level in metres) of the drill hole collar</i></p> <p><i>Dip and azimuth of the hole</i></p> <p><i>Down hole length and interception depth</i></p> <p><i>Hole length</i></p>	<p>Included in table in body of report</p>

Data aggregation methods.	<p><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg. cutting of high grades) and cut-off grades are usually material and should be stated.</i></p> <p><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	<p>All samples are of the same length hence weighting by length was mostly not required. Due to the nature of the mineralisation no cutting of high grades is required. 0.06% Co has been used as a cut off grade.</p> <p>All holes were sampled in 1m intervals and hence all samples are of the same length.</p> <p>No metal equivalent values have been calculated or reported.</p>
Relationship between mineralisation widths and intercept lengths.	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p> <p><i>If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect (eg. 'downhole length, true width not known').</i></p>	<p>As the mineralised envelope is generally flat lying and all holes were drilled vertically; down hole width is considered to be true width.</p>
Diagrams.	<p><i>Where possible, maps and sections (with scales) and tabulations of intercepts should be included for any material discovery being reported if such diagrams significantly clarify the report.</i></p>	<p>Not relevant</p>
Balanced reporting.	<p><i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></p>	<p>Not relevant</p>
Other substantive exploration data.	<p><i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></p>	<p>A number of bulk samples have been collected and extensive metallurgical testwork has been completed which have been the subject of previous announcements. There are no potential deleterious or contaminating substances.</p>
Further work.	<p><i>The nature and scale of planned further work (eg. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<p>The limits of the resource are almost fully defined and no further drilling for extensions is planned at this stage.</p>

Abbreviations

AC=Aircore, Au=gold, Co=cobalt, DEC=Department of Environment and Conservation, DD=Diamond, DMP=Department of Mines and Petroleum, g=grams, g/t=grams per tonne, kg=kilograms, km=kilometres, lb/s=pound/s, LME=London Metal Exchange, lt=litre, m=metres, min=minutes, ml=millilitre, mm=millimetre, Mn=manganese, Mt=million tonnes, Ni=nickel, oz/ozs=ounce/s, pH=measure (1-10) of acidity (1 acid, 7 neutral, 10 basic), ppb=parts per billion, ppm=parts per million, RAB=Rotary Air Blast, RC=Reverse Circulation, RL=Reduced Level, t=tonnes, tpa=tonnes per annum μ m=micro metres, @= grading, %=percent, °C=degrees celsius.

Disclaimer

The interpretations and conclusions reached in this report are based on current geological theory and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for complete certainty. Any economic decisions that might be taken on the basis of interpretations or conclusions contained in this report will therefore carry an element of risk.

It should not be assumed that the reported Exploration Results will result, with further exploration, in the definition of a Mineral Resource.

Competent Persons Statement

The information in this report which relates to Exploration Targets, Exploration Results and Mineral Resources for the Phillips Find and Burbanks Projects is based on and fairly represents information compiled by Mr Gary Harvey who is a Member of the Australian Institute of Geoscientists and a full-time employee of Barra Resources Ltd. Mr Harvey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Harvey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Targets, Exploration Results and Mineral Resources for the Mt Thirsty Project is based on and fairly represents information compiled by Michael J Glasson and Robert N Smith, Competent Persons who are members of the Australian Institute of Geoscientists. Mr Glasson and Mr Smith are employees of Tasman Resources Ltd and in this capacity act as part time consultants to Conico Ltd. Mr Glasson and Mr Smith hold shares in Conico Ltd. Mr Glasson and Mr Smith have sufficient experience which is relevant to the style of mineralisation and type of the deposits under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Glasson and Mr Smith consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Forward Looking Statements Disclaimer

This report contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this report. No obligation is assumed to update forward-looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.